



Title: I, Payroll/Personnel Manual

Chapter: 28, Section 2, Tax Formulas (TAXES)

Bulletin: TAXES 07-02, New Mexico State Income Tax Withholding

Date: March 28, 2007

To: Holders of TAXES (State of New Mexico only)
Personnel User Groups
T&A Contact Points in New Mexico

Beginning with wages paid for Pay Period 6, the National Finance Center (NFC) will make the following changes to the state of New Mexico income tax withholdings:

- The exemption allowance will increase from \$3,350 to \$3,450.
- The Single or Head of Household and Married withholding tables will change.
- The nontaxable biweekly Federal Employees Health Benefits Plan payment and the taxable biweekly fringe benefits statements will be added to the state tax formula.

No action on the part of the employee or the personnel office is necessary.

To view the updated tax formula, go to NFC's Home Page (www.nfc.usda.gov) and click **Pubs & Forms**. Then on the Pubs & Forms page left-hand menu, click **Tax Formulas** and select the appropriate state from the map provided. Changes to the tax formula are identified by "►◄".

For questions about NFC processing, contact the Payroll/Personnel Call Center at **504-255-4630**.

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New Mexico State Income Tax Information

State Abbreviation:	NM
State Tax Withholding State Code:	35
Acceptable Exemption Form:	None
Basis For Withholding:	Federal Exemptions
Acceptable Exemption Data:	None
TSP Deferred:	Yes
Special Coding:	None
Additional Information:	A state tax certificate is not required since Federal exemptions are used in the computation of the state formula.

Withholding Formula ►(Effective Pay Period 6, 2007)◄

1. Subtract the nontaxable biweekly Thrift Savings Plan contribution from the gross biweekly wages.
2. Subtract the nontaxable biweekly Federal Health Benefits Plan payment (s) (includes ►dental and vision insurance program,◄ and flexible spending account – health care and dependent care deductions) from the amount computed in step 1.
3. Add the taxable biweekly fringe benefits (taxable life insurance, etc.) to the amount computed in step 2 to obtain the adjusted gross biweekly wages.
4. Multiply the adjusted gross biweekly wages times 27 to obtain the gross annual wages.
5. Determine the exemption allowance by applying the following guideline and subtract this amount from the gross annual wages to compute the taxable income.

$$\text{Exemption Allowance} = \text{►\$3,450◄} \times \text{Number of Exemptions}$$
6. Apply the taxable income computed in step 5 to the following table to determine the annual New Mexico tax withholding.

Tax Withholding Table Single or Head of Household

If the Amount of Taxable Income Is:		The Amount of New Mexico Tax Withholding Should Be:			
Over:	But Not Over:				Of Excess Over:
\$ 0	\$ ►1,900	\$ 0	plus	0.0%	\$ 0
1,900	7,400	0	plus	1.7%	1,900
7,400	12,900	93.50	plus	3.2%	7,400
12,900	17,900	269.50	plus	4.7%	12,900
17,900	and over	504.50	plus	5.3%	17,900◄

Married

**If the Amount of
Taxable Income Is:**

Over:	But Not Over:
\$ 0	\$ 7,250
7,250	15,250
15,250	23,250
23,250	31,250
31,250	and over

**The Amount of New Mexico Tax
Withholding Should Be:**

				Of Excess Over:
\$ 0.00	plus	0%	\$ 0	
0.00	plus	1.7%	7,250	
136.00	plus	3.2%	15,250	
392.00	plus	4.7%	23,250	
768.00	plus	5.3%	31,250	

7. Divide the annual New Mexico tax withholding by 27 to obtain the biweekly New Mexico tax withholding.